

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF
ALLEGHENY HEALTH, EDUCATION
AND RESEARCH FOUNDATION,

Plaintiff,

V.

PRICEWATERHOUSECOOPERS, LLP,

Defendant.

Civil Action No. 00-684

Judge David Stewart Cercone

**APPENDIX TO THE COMMITTEE’S RESPONSE TO PwC’S STATEMENT OF
UNDISPUTED AND MATERIAL FACTS UNDER LOCAL RULE 56.1(C)(1)**

VOLUME 4

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July 11, 2005

Rocha-Sinha Dep.

In The Matter Of:

***AHERF v.
PRICEWATERHOUSECOOPERS, LLP.***

EMMELINE ROCHA-SINHA
August 5, 2003

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ROCHA-SINHA, EMMELINE



LEGALINK

A WORDWAVE COMPANY

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1 Emmeline Rocha-Sinha
2 receive audited financial statements on an annual
3 basis at a minimum in order to accurately measure
4 what the financial standing of the institution
5 was, assuming that the audited financial
6 statements were accurate. We never went back and
7 questioned as to whether they were accurate or
8 not. We took it at its face value that yes
9 indeed, they are accurate. It was absolutely
10 critical that we obtain that information because
11 it gave us a measure of how well or poorly the
12 institution was performing.

13 Q. Why was it important for MBIA to
14 have that understanding?

15 A. Because that is the basis under
16 which we are making our decisions as to whether
17 we should insure a particular transaction or not.

18 Q. I understand that, perhaps I asked a
19 confusing question. What I am asking is why is
20 it important for MBIA to receive annual
21 statements once bond insurance has been provided?

22 A. Because it enables us to perform a
23 valid monitoring function and it gives us early
24 warning signals that there might be difficulty
25 that this institution might face in the near

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1 Emmeline Rocha-Sinha
2 future. It's extremely important for us to
3 monitor a transaction on an ongoing basis because
4 we look to detect and see any changes in the
5 financial standing of the institution and
6 whatever changes we see then we will pursue those
7 changes further with management in terms of
8 determining the reasons for the change, what kind
9 of remedial action management is taking to change
10 that situation, do they expect the situation to
11 continue, what is causing that particular change
12 to have occurred and what are management's plans.

13 And if we're not satisfied with the
14 answers we obtain from management, we will then
15 require management to go out and obtain a
16 consultant and come in and do an analysis of the
17 institution, all in the hope of never ever, ever
18 getting to a situation of where we will have to
19 make a payment under our policy. So it's
20 extremely critical that we obtain these audited
21 financial statements on an annual basis

22 Q. I believe you testified that at a
23 minimum MBIA required in a typical case annual
24 financial statements, correct?

25 A. Audited annual financial statements

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1 Emmeline Rocha-Sinha
2 at a minimum, absolutely. We also required
3 quarterly financial statements. Now, these
4 quarterly financial statements are not audited,
5 but we absolutely would take a look at them and
6 this is a responsibility of the monitoring side
7 of our operations of MBIA.

8 Q. In terms of crafting of financial
9 reporting requirement, that was in part a
10 function of the health care unit with respect to
11 health care bonds that MBIA provided insurance
12 for?

13 MS. MITCHELL: Objection.

14 A. Correct.

15 Q. Was it also the case that MBIA could
16 request monthly unaudited financial statements as
17 a condition of providing bond insurance?

18 A. Typically not at the time of
19 providing bond insurance. Monthly statements
20 would be required if we start seeing some
21 deterioration in financial performance.

22 Q. Am I correct then in seeing a
23 deterioration in financial performance, you would
24 assess the trend over time?

25 A. Yes.

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1 Emmeline Rocha-Sinha
2 Q. In assessing the trend over time you
3 would rely the quarterly statements, in addition
4 to the annual statements?

5 A. Correct.

6 Q. Am I correct that the quarterly
7 statements provided in the typical case more
8 timely information than the annual statements?

9 A. Yes.

10 Q. So you would use both to establish a
11 trend for a particular issuer?

12 A. Yes.

13 MR. KRUSKO: Let's go off the
14 record.

15 THE VIDEOGRAPHER: Off the record at
16 12:18.

17 (Off-the-record discussion held.)

18 THE VIDEOGRAPHER: Back on the
19 record, it's 12:19 tape 2.

20 (Document Bates numbered MBIA
21 010762 through MBIA 010929, marked Exhibit
22 1865 for identification.)

23 (Document Bates numbered MBIA
24 001785 through MBIA 001808, marked Exhibit
25 1866 for identification.)

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1 Emmeline Rocha-Sinha
 2 Q. If you would take just a minute to
 3 review Exhibit 1865 which bears the Bates
 4 numbered MBIA 010762 through MBIA 010929.
 5 MS. MITCHELL: Is there something
 6 specific you would like her to look at?
 7 Q. I would like you to focus your
 8 attention in the page ending with the Bates
 9 number 762, again of this Exhibit 1865. Do you
 10 recognize Exhibit 1865 as the offering statement
 11 for the Allegheny General Hospital bonds issued
 12 in 1991?
 13 A. Yes.
 14 Q. Do you recall that MBIA provided
 15 bond insurance for certain of the bonds issued by
 16 Allegheny General Hospital in 1991?
 17 A. Yes.
 18 Q. If I could direct your attention to
 19 the first page of the document which I think
 20 you're looking at. Is it consistent with your
 21 recollection that MBIA insured roughly 25 million
 22 of this bond issuance?
 23 MR. WITTEN: What number did you
 24 say?
 25 MR. KRUSKO: It's the first page,

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1 Emmeline Rocha-Sinha
 2 I'm directing the witness' attention to the break
 3 down in the terms of the bonds which appears --
 4 MR. WITTEN: Your question was 25
 5 million?
 6 MR. KRUSKO: Roughly.
 7 MS. MITCHELL: If she recalls that?
 8 Q. I'm just asking you whether that's
 9 consistent with your recollection, that MBIA
 10 provided bond insurance for roughly 25 million in
 11 bonds offered by Allegheny General Hospital?
 12 A. Honestly I don't recollect what the
 13 amount was that we insured on this deal.
 14 Q. Do you recall an entity, Allegheny
 15 General Hospital?
 16 A. Yes.
 17 Q. What's your recollection of that
 18 entity?
 19 A. That we insured their transaction,
 20 but I do not recall the exact amount.
 21 Q. By transaction, do you mean the 1991
 22 bond offering?
 23 A. I also do not recall whether we
 24 insured them in 1991 or which year for that
 25 matter we insured them.

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1 Emmeline Rocha-Sinha
 2 Q. It's possible that MBIA might have
 3 provided bond insurance in multiple years,
 4 correct?
 5 A. Possibly, I don't recall.
 6 Q. Do you recall the health care unit
 7 under your supervision at this time, January 1991
 8 or thereabouts, performing any due diligence of
 9 Allegheny General Hospital in connection with a
 10 bond offering about that time?
 11 A. No, I do not recall any due
 12 diligence.
 13 Q. Do you recall an organization by the
 14 name of the Allegheny Health, Education &
 15 Research Foundation or AHERF?
 16 A. Yes, I do recall an organization by
 17 that name.
 18 Q. Is it your recollection that that
 19 entity was the parent company of Allegheny
 20 General Hospital?
 21 A. Yes.
 22 Q. Do you recall any conversations with
 23 anyone at AHERF in this time frame, January 1991,
 24 with respect to a 1991 bond offering by Allegheny
 25 General Hospital?

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1 Emmeline Rocha-Sinha
 2 MS. MITCHELL: Objection,
 3 conversations between whom?
 4 Q. Do you understand the question?
 5 A. No, I don't understand the question.
 6 Q. In the late 1990 to early 1991 time
 7 frame, do you recall having discussions with
 8 anyone in AHERF in connection with an upcoming
 9 bond issuance by Allegheny General Hospital?
 10 A. I do not recall any specific
 11 conversations with AHERF, no, I don't recall.
 12 Q. Do you recall when you first learned
 13 or became familiar with Allegheny General
 14 Hospital?
 15 A. No, I don't recall when, but I
 16 imagine it's in relation to this bond issue.
 17 Q. I believe you have before you
 18 Exhibit 1866, which is Bates numbered MBIA 001785
 19 through MBIA 001808; do you have that document
 20 before you?
 21 A. Yes.
 22 Q. If I could direct your attention to
 23 the page 001804, I apologize for skipping ahead a
 24 little bit, do you recognize this exhibit, 1866,
 25 as a loan agreement between the Pennsylvania

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1 Emmeline Rocha-Sinha
 2 MS. MITCHELL: Objection.
 3 A. I don't recall.
 4 Q. Do you recall being concerned at the
 5 time that after a number of acquisitions,
 6 including the Hahnemann University Hospital
 7 System, that AHERF had not yet achieved any real
 8 market share in the Philadelphia area?
 9 A. That would have been too detailed an
 10 item for me to recall; no, I don't recall.
 11 MR. KRUSKO: Let's go off the
 12 record.
 13 THE VIDEOGRAPHER: Going off the
 14 record at 5:02. This is tape number 4.
 15 (Time noted: 5:02 p.m.)
 16
 17
 18
 19 EMMELINE ROCHA-SINHA
 20
 21 Subscribed and sworn to before me
 22 this day of , 2003.
 23
 24
 25 Notary Public

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1 E R R A T A
 2 I, Roberta Caiola, a Shorthand
 3 Reporter and Notary Public within and
 4 for the State of New York, do hereby
 5 certify:

6
 7 That the statements, colloquy
 8 and testimony contained herein is a
 9 true record of the proceedings in
 10 this matter.
 11

12 I further certify that I am not
 13 related to any of the parties
 14 involved in this proceeding, and that
 15 I am in no way interested in the
 16 outcome of this matter.
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ROBERTA CAIOLA